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STATE OF HAWAII PUBLIC UTILITIES COMMISSION DEPARTMENT OF BUDGET AND FINANCE

465 S. KING STREET, #103 HONOLULU, HAWAII 96813

February 19, 2010

CARLITO P. CALIBOSO CHAIRMAN

> JOHN E. COLE COMMISSIONER

LESUIE H. KONDO COMMISSIONER

e-mail: Hawaii,PUC@hawaii gov

To:

Service List

Re:

Docket No. 2008-0273; In the Matter of Public Utilities Commission Instituting a

Proceeding to Investigate the Implementation of Feed-in Tariffs

Pursuant to the Order Setting Schedule, filed on October 29, 2009, as amended, Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Ltd. (collectively, "HECO Companies") filed their Proposed FIT Reliability Standards for the Hawaiian Electric Companies on February 8, 2010 ("Proposed FIT Reliability Standards"), in which the HECO Companies propose on the islands of Maui and Hawaii to "[d]efer additional variable DG interconnection requests, including standard interconnection agreement and NEM requests, until appropriate mitigation measures are identified and employed. Defer bi-lateral PPA negotiations." They also propose to "[d]efer additional DG interconnection" on the islands of Lanai and Molokai." See Proposed FIT Reliability Standards, Table 7, at 30.

In addition, the HECO Companies state that they "support convening a Reliability Standards Working Group" as follows:

As a part of the concerted effort to evaluate and determine the additional levels of distributed generation resources that can be integrated to each island grid, the Hawaijan Electric Companies support convening a Reliability Standards Working Group that would serve as an open and transparent forum to allow stakeholders and technical experts an opportunity to regularly review and provide input to the studies that are described in this report and the attachments thereto. The Companies recommend that the Reliability Standards Working Group not be restricted to the FIT parties but include representatives with a range of technical expertise (e.g., the United States Department of Energy, Electric Power Research Institute ("EPRI") and the Hawaii Natural Energy Institute). This process would involve collaboration with the Working Group members to establish a framework and processes for the conduct of the studies and the identification of technical solutions. Importantly, as this process will be ongoing and require some level of flexibility to respond to changing system conditions, the Working Group process should be organized and facilitated separately from the Companies' Clean Energy Scenario Planning process.

See Proposed FIT Reliability Standards, at 4-5.

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To assist in the development of the record in this proceeding, the commission directs the HECO Companies to further elaborate on their deferment proposals, including, how and when will appropriate mitigation measures be identified and employed, and on their proposal to "conven[e] a Reliability Standards Working Group" by February 26, 2010.

Please contact Commission Counsel, Stacey Djou, at (808) 586-2020 if you have any questions.

Sincerely,

Carlito P. Caliboso

Chairman

CPC:SKD:ps

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